

Minh Dinh Nhat

How to set up a profitable coffee shop in Vietnam.

Case: The Nest - Board game café.

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Thesis abstract

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Author(s): Minh Dinh Nhat

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This is a bachelor's thesis for Seinäjoki University of Applied's Degree Programme in International Business. The main objective of the thesis is to conduct a research on how to establish a profitable coffee shop in Vietnam's market. Additionally, another aim of the thesis is to create a thorough business plan for the founding of the second location for an established business in Hanoi, Vietnam: The Nest – board game café. The process of preparing, examining and writing the business plan will provide exhaustive insights on the steps to open a new business in Vietnam.

The data collection method chosen in this thesis is qualitative through the use of both interview and online survey. The interview was conducted on 13 April 2018 with the owner of The Nest – board game café. The online survey was conducted in the first week of April. The sole aim of the survey was to gain solid understanding of the trends and interests of the target group of customers. On the other hand, the interview covered several different aspects of the results, operations, limitations, outlook of the business and also the requirements and demands of the owner for the second location.

There are three main parts in the thesis, which are the theoretical framework, the empirical study and the personal evaluation of the author. The theoretical framework defines and analyses the general terms and concepts that are applied in the thesis. The empirical study is the actual business plan itself, with comprehensive preparatory process mandatory for the establishment of the business. Finally, the discussion and evaluation section consists of the author's personal assessments and opinions gained during the thesis writing process regarding the research question.

Keywords: board game, cafe, entrepreneur, Hanoi, Vietnam, business, start-up

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Terms and Abbreviations

SWOT	Strengths, Weaknesses, Opportunities, and Threats
SME	Small and medium-sized enterprises
VND	Vietnamese Dong(s)
EUR	Euro(s)
USA	United States of America

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1 Introduction

The main purpose of this thesis is to investigate the process needed in order to open a profitable coffee place in Vietnam. The research problem will be thoroughly analysed and answered through the actual case of creating a business plan for opening a second location for a board game café in Hanoi, the capital city of Vietnam. The name of the board game café is The Nest – Board Game Café. This topic was chosen as the author saw a unique opportunity to become an entrepreneur in his home country.

Vietnam is a vibrant and developing country with a highly active and fast-paced business environment. Start-up and new business with fresh ideas are created daily in Hanoi and Ho Chi Minh City, two biggest cities in Vietnam. According to Central Intelligence Agency (2018), the demographics of Vietnam clearly shows that Vietnam is a young country with nearly 35% of the population age from 15 to 35 years old. That leads to huge demand for entertainment for young people. Moreover, according to the author's experience who was born and raised in Hanoi, young people tend to love spend their leisure time socializing with their friends in café. However, the traditional model of a café seems to be declining as now the trend leans towards new kind of drinks such as bubble tea, smoothie. As for those above mentioned, a café place with board game as a model of entertainment is an innovative idea that can attract youngster to come, socialize and have fun with friends or even family. In fact, the author's brother has opened a board game café called The Nest - Board Game Café one year ago and has gained decent traction among younger people in Hanoi. Even though the café was a successful venture, there are still many limitations that can be improved and fixed. For that reason, the opening of a second location for the café is currently under consideration between the author and his brother.

This business plan will serve as an outline for the preparation process of opening the café second site in Hanoi, Vietnam. Typical challenges facing any new venture are lack of experience and knowledge about legislation, taxation system, financial settlements and situational skills in a variety of circumstances. Understanding these

issues through the process of developing a business plan can help the entrepreneurs prepare more carefully for the founding of their business venture (The Finnish Enterprise Agencies 2018, 8). The author will combine the knowledge gained in the Bachelor's Degree in International Business with the experience of his brother in entrepreneurship in order to create a comprehensive and feasible business plan.

Qualitative research method through the use of case study will be used in the business plan to gain valuable knowledge regarding the field of entrepreneurship. For the business plan to be reliable, the author will combine knowledge gained through analysing the conducted interview and surveys with peer-reviewed literature and articles before drawing any conclusions or findings.

The main part of the business plan will be divided into three parts which are implementation plan, marketing plan and financial plan. Implementation plan includes all the mandatory procedures and preparations needed for the café to start operating. Marketing plan concerns about the marketing aspect of the café, which consists of detailed analysis of SWOT with ways to deal with the issues and to make the best of the advantages. Financial plan will provide projected monthly sales, calculated investment required and the payback period.

All in all, the business plan will serve as a founding stone for the long preparation process of opening the second branch of the board game café. The plan will cover all the compulsory aspects, angles and problems that face the business so that the opening and operation of the café can be as smooth as possible. And through the process of researching and preparing for business plan, this thesis will provide a thorough look into the mandatory preparation needed for establishing a new business in an Asian country, which in this case is Vietnam.

2 Research Method

As the main objective of the thesis is to create a comprehensive business for establishing the second branch of an existing business – The Nest board game café, the author spends a lot of time researching and investigating from various sources of information.

The study design that the author chooses in this thesis is case study. According to Kumar (2005), the use of a case study is naturally beneficial when the emphasis of the study is on comprehensively understanding of an event, where a case of a certain type can deliver thorough insight to the research problem. The data collection method that was chosen by the author of the thesis is qualitative method through the use of interview and survey. The author conducts the case study through analysing an online survey targeting young people in Hanoi and a thorough interview with the owner of The Nest – board game café in order to gain as much valuable information regarding the market trends, past operations, SWOT and limitations of the business as possible.

In the theoretical framework, the concepts and approaches applied in the scope of the thesis are methodically investigated to provide a clear understanding of the necessity for the whole process. The sources that the author uses in the theoretical framework are based on the peer-reviewed researches and articles from credible online publishers.

In the empirical framework of the thesis, the author will create the actual business plan by combining the knowledge in the theoretical framework, the information gained through analysing the interview with the owner of the café and own experience about business and entrepreneurship.

Lastly, after the empirical and theoretical framework, the author will draw his conclusion and findings regarding the process of planning and establishing a new business in an Asian country such as Vietnam.

2.1 Gathering and analysing literature

In the theoretical framework of the thesis, the author will gather and analyse different peer-reviewed articles, journals and researches of credible publishers regarding multiple concepts that are applied during the scope of the thesis. Most of the articles are accessed and gathered through the use of Google Scholar as well as the E-library of Seinäjoki University of Applied Sciences. Furthermore, academic books from Helsinki city library are also carefully chosen and analysed during the process of reviewing literature.

In the empirical framework, most literature are collected through online articles and statistics from state released information. However, due to the limited publicity and freedom of information policy in Vietnam, the credible sources for statistics and studies are scarce. The author will still try to find as much valid data about the market through the use of the internet.

2.2 Qualitative research method through interview and survey

The data collection method that was chosen by the author of the thesis is qualitative method through the use of interview and survey.

The author designed one thorough interview with the owner of The Nest – board game café with the aim of gaining valuable facts about the business. The content of the interview guide can be found in the appendix 1 section of the thesis. The interview will cover multiple angles of the café regarding current situation, recent sales results, overall future potential, limitations and challenges, expectations for the second location. The author will work closely with the owner of the café so that the business plan can cover the accurate issues and targets that the second location hopes to fulfil.

In addition to the interview, the author also designed a short and concise only survey aiming at researching the trends and interests of young people in Vietnam. The questions included in the survey can be found in the appendix 2 section of the thesis. The survey platform the author chose is Google Forms as it is free and easy to use.

The survey will be distributed mostly publicly on Facebook through the social timeline and privately on multiple Facebook groups. The target group of the survey is young Vietnamese from the age of 15 to 30. However, everyone can access and answer to the survey. The author hopes to collect survey results from at least 100 participants in order to make the sample size considerable and to make the results more valid.

2.3 Analyse interview and survey result

After collecting the interview and survey data, the author will analyse the results in order to write the content of the actual business plan. The results of the interview and survey will be analysed and combined to write different part of the business plan. The method of interpretation chosen is content analysis.

In the market research section, results collected through the survey will be utilized to draw a precise view on the latest market trends and interests. Moreover, the survey will help confirm the chosen target group of the business. The SWOT table will be created by combining the results of both the survey and the interview. In the implementation plan, marketing plan, results of both the interview and the survey will be analysed to draw a comprehensive, thorough and precise conclusion, to plan suitable strategies and to make reasonable prediction about the future of the business. In the financial plan section, the author will make use of the data given by the owner of the café in order to calculate the projected sales result, possible loan pay-off period and also the amount of investment required.

2.4 Combine literature knowledge, business planning process for evaluation and findings

After finishing writing the business plan, the author will combine the knowledge gained through the literature reviewing process and business plan writing process in order to carry out reasonable, reliable and valid evaluation about the thesis topic. The author will thoroughly analyse how the process of business planning helps answering the research topic and questions.

Subsequently, the author will sum up the thesis by analysing all the findings, re-search results and scrutinizing the conclusion of the study.

2.5 Reliability and validity of the study

Reliability of a research is the extent to which results are consistent and replicable over time when being reproduced with the same methodology (Joppe 2000). When gathering resources and researches for writing the theoretical framework as well as empirical framework, the author, if possible, always retrieves peer-reviewed materials from academic library, credible publishers to warrant that the results of the research is reliable. All the sources that the author chooses are clearly referenced throughout all sections of the thesis and in the Bibliography section at the end of the thesis.

According to Stenbacka (2001), validity of a qualitative research can be defined as the ability of a research to solve exactly the posed research problems or topics with precise quality, rigor and trustworthiness. However, Golafshani (2003) suggested that the test of the validity of a qualitative research is difficult to measure accurately. As in this study, the main objective of the whole study is to compose a business plan for a new venture and it is challenging to measure the validity of the research without actually implementing the plan further.

3 Theoretical framework

3.1 What is a business plan

Business plan can be understood as a guideline or road map for either opening a new business or developing a founded business (Entrepreneur 2018). The more carefully the business plan is laid out, the better its implementation process is. Therefore, the business plan needs to be up-to-dated, comprehensive, detailed yet concise enough so that readers don't need to digest a huge amount of information.

For these reasons, a business plan is always mandatory for any entrepreneur before starting a new venture. The preparation process of writing a business plan can be long and challenging. However, without a business plan, the business will likely to fail as it will operate without a specific standard or milestones. A well-rounded business plan should look at all angles, problems that the business may face in the process and provide possible solutions and strategies for all of them.

3.2 The purpose of the business plan

According to United Nations conference on trade and development (2002), the aim of a business plan is to get an overview of all the issues that associate with a corporate. Thus, a business plan serves as a management tool for the entrepreneur for opening a new business. The process of establishing a new business is problematic and challenging. With the help of a detailed business, the process can be smoothed out and many problems can be avoided beforehand. Through a business plan, the entrepreneur can assess all the target groups of the business, their related issues in order to draw multiple effective strategies for the business to succeed. This is the main purpose of a business plan, as it will be used as a backbone for the operation of a new business.

The plan can also be seen as a communication tool between the entrepreneur and stakeholders, including investors, employees and other relevant people to the business. With the business plan, investors can fairly evaluate if the business is worth

investing in or not. It is not common for other stakeholders such as employees can get access to the business plan. However, the plan can be used partly to raise the interest or highlight the importance of the business to the stakeholders.

Lastly, the business plan can be an excellent benchmarking tool for the company performance. After founding the business, the entrepreneur can go back to the business plan and compare the deliverables, goals, or schedules planned in the business plan with the actual outcomes of the business. From these comparisons, the entrepreneur can assess if the current progress of the business is on track or currently is behind.

3.3 Business planning process

United Nations conference on trade and development (2002) mentions that in order to produce a good business planning process, the following steps need to be taken prudently.

First of all, the entrepreneur should assess the situation to draw accurate conclusions on how different stakeholders view your own business. The stakeholders include the clients, associates, competitors and suppliers. The assessment should be taken honestly and critically in order for the entrepreneur to truly understand the business's own strengths and weaknesses, to learn from the mistakes and how to avoid or cope with them in the future.

After successfully measuring the position of the business, the entrepreneur should start developing a mission for the company. A mission is exactly what the company hope to achieve. The mission can be considered as the final destination that the company aims to arrive at. While mission is considered the final destination, goals are also considered the checkpoints during the process of establishing a business. The goals should be measurable through deadlines or time spans, realistic and achievable. However, the goals need to be flexible and easy to adjust as many aspects and pre-defined goals can be altered during the course of the business.

Knowing the mission and goals of the company is one thing but achieving the chosen mission is another. The enterprise needs to get ready before actually starting to

prepare for the actual business plan. These steps needed to be prepared for the writing of a business plan include choosing an appropriate coordinator, an organizer, appoint different tasks, identifying suitable team members and finally gathering all necessary information and sources.

The next step and possibly the most vital step is to actually work on the business plan. The business plan should cover the marketing, operations, strategies and finances of the business. All the different aspects of a business plan should be planned in harmony with each other for the plan to work in a logical and synchronized way.

After the business plan is laid out carefully, the next logical step is to set objectives for the employees. Each staff of the company needs to complete their specific objectives according to the timeline included in the business plan. The results of employees' tasks need to be monitored and evaluated regularly.

The final step of a business planning process is monitoring the progress of the business as a whole. In order to judge whether the implementation process of the business is in line, the actual achievements and milestones should be directly compared with the deliverables mentioned in the business plan. Moreover, feedback system should also be integrated to measure the efficiency of the whole process. If any parts of the business plan are now outdated, the business plan needs to be adjusted so that it can keep up with the current pace of the business.

3.4 Limitations of the business plan

European Council for Small Business and Entrepreneurship (2011, 7-8) proposes that, even though business planning is a mandatory process for any new enterprise, there are many problems that can be hard to solve using solely business plan.

Firstly, writing business plan is based on a top-down approach, which is not always the optimal choice in every situation. Top-down approach means that the company divide the biggest and top-priority problem into smaller parts and solve each part separately in order to solve the big problem (Liedl 2011, 7). Sarasvathy (2008) men-

tioned that the decisions made by managers do not necessarily start with a predefined goal or target. Most of the time, they use a predetermined set of methods and later select a suitable section to solve.

Secondly, the author of European Council for Small Business and Entrepreneurship (2011, 7-8) argues that the time committed to writing a business plan can actually be spent better by doing real business itself.

Thirdly, writing a business plan can be impractical in a volatile market. Armstrong (1982) proposed that under a highly unpredictable market, the relevance of a formal business planning is minimal.

Fourthly, the success rate of a formal business planning highly depends on the cultural aspect of the country as a whole. Rauch, Frese, and Sonnentag (2000) found in their research that the correlation between having a thorough business planning process and the success of a SME was positive in East and West Germany while negative in Ireland. The authors drew the conclusion that business planning process proves its positive influence in countries with high uncertainty avoidance.

Fifthly, the process of following a strict business plan limits the potential of a company in developing and exploiting a newly arisen opportunity. In another word, rigid business plan put higher priority on following a set of goals and deadlines rather than improvising when a new chance arises in the market. Baker, Miner, and Eesley (2003) suggested that entrepreneurs should also focus on developing the improvisational skills so that they can combine both flexible and strict methods in plan a business.

3.5 Project Management

According to Atkinson (1999, 337-338), Project management is defined as the mixed application of tools and methods in order to control different resources toward the final accomplishment of one or certain tasks in a timely, efficiently and accurately manner. During the scope of this thesis, only one project management tool, Gantt chart, is utilized.

3.5.1 Gantt Chart

Gantt chart is one of the most commonly used tools regarding to manage the progress of a project. Porter (1968) stated that Gantt chart is a project management tool in which a series of horizontal lines represent the amount of work needs to be done in a certain of time in relation to other tasks planned for those periods. It is a clear visual chart for demonstrating the timeline of a project and the progress of each task.

3.6 7Ps of Marketing Mix

The marketing mix is a collection of governable marketing utilities that an institution or an individual uses to generate value it wants towards its various target markets. Traditional products marketing has used a 4Ps model of marketing mix. However, the service sector implements a 7Ps marketing mix method to investigate more approaches and angles. These 7Ps includes *product, price, place, promotion, people, process and physical evidence*. (Ivy 2008, 289-291).

Product section looks at the actual product or service a vendor provide for its target customers. A product or service can either be a tangible asset or intangible value that the business provides in order to satisfy the demands of customers.

Price element of the marketing mix is related to the amount customers need to pay for in exchange for the value received through the business's product or service. There are countless pricing strategies that business can implement in order to attract different groups of customers.

Place is the actual location that product is being sold or service is being delivered for customers. In the modern world of technology, the service or product can be provided without the need for a physical location. Online stores and services are prime examples of cloud-based service providers.

Promotion is a crucial factor of the marketing mix. Promotion is the process of making the business's service, product or value be known to the target group of customers. One of the most common forms of promotion is advertisements. It is critical for

a business to plan for its promotion campaigns carefully and to allocate adequate budget for implementing these plans. A service or product can be as good as it gets but will not be successful if there are not enough customers to buy and try it.

People is one of the unique element of service marketing mix. This element is connected to the people involved in the process of delivering the service to customers. Most of the time for a customer to determine the quality of service, the attitude of the staffs is a vital point.

Process is the progress in which a service is delivered to the target customer. The utmost emphasis that a service provider needs to focus on is the process of delivering a flawless service to customers without a reduction in quality while still keeping it cost and time efficient.

Physical evidence is the last aspect of the 7Ps of service marketing mix. Although services are intangible, tangible assets are necessary for a business so as to provide a better service and keep high customer satisfaction. Other than delivering an exceptional service for customers, the business has to provide a unique and memorable visual experience in order to earn customer loyalty and build brand awareness.

4 Business planning

The empirical framework of the thesis will be organized and analysed in the form of a complete business plan for the second location of The Nest – board game café.

4.1 Business introduction

The Nest – Board game café is a coffee shop in the central district of Hanoi, Vietnam. The business has been up and running since May of 2017 until now. The business's main difference from other coffee places in town is that the coffee shop has its own board game collection so that customers can pay a small fee to play at the café. Moreover, the café also has some special staffs whose jobs are to teach games' rules to customers if they don't know how to play the game.

The business idea of opening a board game café comes from the fact that the Vietnamese typically have a huge interest in hanging out at coffee place during their spare time. However, the normal model of a coffee place is too common and it is challenging to compete with all the existing coffee chains in town. Another interest among young people, especially male, in Vietnam is playing video games in internet cyber café. Playing video games, in a way, is not well regarded by parents and older people as they see video games as an addicting, harmful, useless and time-consuming hobbies. For those reasons, young people in Vietnam are constantly looking for new type of entertainment to fulfil their demands. Consequently, board game is a logical choice between young people as it is challenging, interactive, fun and relaxing. In the recent years, board games are making first steps into Vietnam territory. Though, as most board games are considered very expensive for young people who don't earn sufficient income, they can't get access and play as many games as they want to. That is why a board game café is a golden opportunity to attract young people to come by. In the board game café, they only need to rent the game, which the cost can be equally divided among friends who come together, pay for the drink and can spend hours having fun.

The opening of a second branch of The Nest – board game café comes from the fact that even though the first location achieved considerable success, there are

many aspects that can be improved but are impossible due to the location, the model and limited resources. A second location for the board game café will be an upgrade compared to the old one and hope to attract even more customers to the place.

4.1.1 The scope of the project

The final outcome that this project hopes to achieve is to produce a usable and practical business plan. This business plan will soon be used as a guideline for the actual developing and establishing the second location for The Nest – board game café in Hanoi, Vietnam. Moreover, the business plan will also serve as a communication tool between the entrepreneur and potential investors when pitching and presenting in the future, if necessary. Therefore, the objective is to create an achievable and realistic business plan to prove that the business idea is feasible and profitable.

4.1.2 Current state of the business

Currently, the first location of The Nest – board game café is up and running at the address 4A Tràng Thi, Hoàn Kiếm district, Hanoi. The café will officially be running for one year this May. Below is the concise income statement of the café.

Table 1: Short income statement of four nearest months of The Nest – board game café

Month	Revenue	Operating Cost	Profit
April 2018	5345 EUR	3612 EUR	1733 EUR
March 2018	5262 EUR	3540 EUR	1722 EUR
February 2018	5087 EUR	3728 EUR	1359 EUR
January 2018	4829 EUR	3268 EUR	1561 EUR

The table clearly shows that the business is thriving and with the potential to develop even more. Each month's revenue is gradually increasing throughout the recent four months. The only exception is in February where revenue is marginally higher than in January but profit is lower. The reasoning behind the slight decline is that in February, the café closed for about five days during the Lunar Tet holiday in Vietnam. Moreover, as the shop opens early during the holiday, employees were paid extra. Moreover, during the Tet holiday, many suppliers of food and drink closed for a long period so the owner had to buy materials at a higher price in some shops that opened during the holiday. That will explain the high operating cost in February.

The café started in May 2017 with the initial loan of approximately 22000 EUR. The loan term is a 24-month instalment with an annual rate of 5%. The loan came from a family member of the owner of the café. At the moment, most of the profit of each month's sales results is used to pay the loan amount and as of May 2018, 80% of the initial loan of 22000 EUR was paid off. The owner of the café forecasts that he will pay off all the loan and the interest by the end of July 2018.

The intention of the author and the owner of The Nest – board game café is to open a second branch for the café in another district of Hanoi, Vietnam. Even though the first location is generating considerable revenue and profit for the owners, it has multiple challenges including high rental cost, small footprint and a suboptimal revenue model that does not take full advantage of the current demand of customers.

4.1.3 Business mission and goals

The principal mission that The Nest - board game café aimed to pursue is to provide a space for people of all ages to hang out, to have fun and socialize with friends or relatives without the need to use digital technology such as smartphones or tablets. The mission is the ultimate goal that the owner of the café has set since the first day that he came up with the idea of this business.

The owner sets the following goals when establishing a second location for The Nest – board game café:

- To open another recreational area for all people to come and socialize.

- To continue the success of the first location.
- To gain considerable profit so that the business can be considered a success.
- To offer an alternative and healthier means of entertainment to young people, compared to the popular video gaming.
- To make board game more accessible and common among Vietnamese.

4.1.4 Deliverables and business timeline

Below is the Gantt chart that shows the key deliverables and timeline of the establishing of the second location of The Nest – board game café:

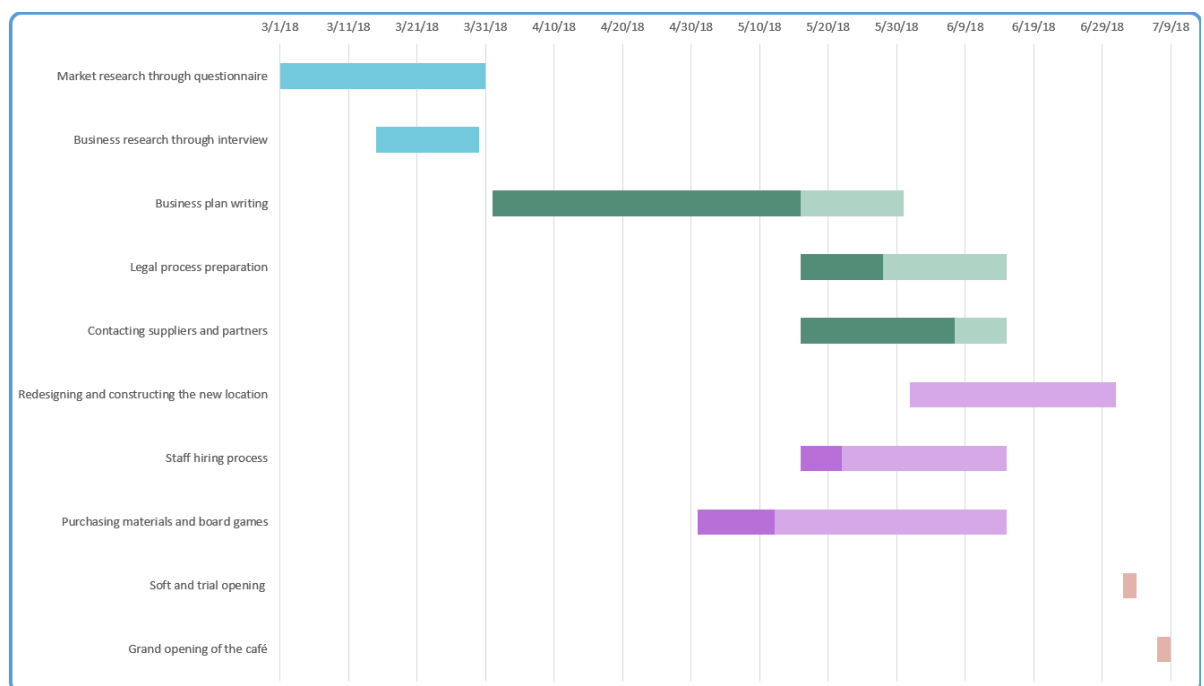


Figure 1: Business planning timeline and deliverables

4.2 Market research

As the main objective of the business plan is to set up a second location for The Nest – board game café, the market research mainly revolves around the interests

and preferences of people in Hanoi, Vietnam. Results from people from different part of Vietnam and abroad will still be taken in consideration for future potential expansion of the café, but in the scope of this thesis, results from people who don't live in Hanoi won't be included in the analysis process.

During the course of the online survey, the author received roughly 100 responses in which 10 of them are not considered in the scope of this thesis. The market research section is mostly based on the analysed data of the online survey in conjunction with the interview with the owner of The Nest – board game café.

4.2.1 Market trends in Hanoi

In the field of entertaining locations for young people, the most popular choice for both male and female is going to coffee place. One of the reason is that drinking café is a typical habit of Vietnamese. Vietnam, in fact, places second on the list of all nations who produce and export most coffee annually (International Coffee Organization 2018). Another reason for the popularity of café is the fairly inexpensive price offered. That leads to many people, young and old, spend their free time going to coffee place in order to socialize with their friends and families. In the recent years, another type of drink, bubble tea, have arrived in Vietnam and attracted mostly young people. Bubble tea can be considered the most recent trend among young people in Vietnam thanks to its deliciousness and convenience, even though the price tag of the drink is fairly high compared to the traditional coffee. Moreover, due to its expensive price and sugary taste, older people tend to stick with the traditional coffee place as their choice of socializing.

In the questionnaire, around 60 percent of respondents mentioned bubble tea as their preference of drink that should be included in the menu of the café. Among female respondents, 90 percent also shares the idea of having bubble tea in the menu. Furthermore, in the interview with the owner of The Nest – board game café, bubble tea is actually the most popular item of the place. In order to keep up with the high demand of young people, in conjunction with the typical kinds of coffee blend, bubble tea with different flavours will be included in the menu. Aside from coffee and bubble tea, as the trend of healthy drink is penetrating the market, the

author suggests that fresh fruit juice and smoothie should be on the menu. In fact, in the survey, 20 percent of the respondents include smoothie as their favourite choice of drink.

Among male young people in Hanoi, Vietnam, one of the most popular choices of entertainment is going to cyber café to play video games with their friends. For that reason, in Hanoi, cyber café can be found all over the city. However, the habit of playing video games are not regarded as a positive way of entertainment among parents and older people. Most of the older people consider video games as addicting, violent and time-consuming and, thus, prevent their children from coming to cyber café. In the survey, 80 percent of the respondent know about board game. However, apart from popular games such as Monopoly, UNO, only 30 percent of respondent actually played other board games. Surprisingly, all of the respondents are interested and answer “Yes” to the question “Are you interested in coming and trying new board game with friends in a café?”. The survey definitely proves that board game can be considered as a possible choice of entertainment among young people in Hanoi, Vietnam. Besides, in the interview, the owner of The Nest – board game café also mentioned that the most common customers that come and play board game regularly age from 16 to 25 years old.

Through the online survey and the interview, it can be safely concluded that a board game café that also serves bubble tea and other popular drinks will likely attract young people as an alternative to the normal model of coffee place, bubble tea or cyber café.

4.2.2 Main target group

Most of the survey respondents age from 16 to 30 years old. In the interview, the owner of The Nest – board game café suggested that the most popular group of customers is from 16 to 25 years old.

For that reason, the main target group of the café will be young people from the age of 16 to 25 years old. The people in this age range mainly consists of high school students and college students. It is a reasonable choice of target group as they

mainly still have a lot of free time and are independent without the burden of work and family. Also, high school and university students typically have many friends to share their hobbies. Board game is a great hobby for groups of people to socialize with each other through a set of soft skills such as communication, team-work, negotiation, calculation or even bluffing and deception. Thus, playing board game is a reasonable choice for a group of young and energetic students.

Even though the main target group of the café is young people from 16 to 25, people of all age can come and enjoy each other's company in the café. The café will offer a huge collection of games that cater to children from the age of 5 and to the elder at the age of 99, literally. Small children can enjoy many dexterity or simple logic games with the help of their parents. Thus, a family can also have a great time in the board game café. Meanwhile, group of adults can also choose from many more difficult games that required careful planning, negotiating and anticipating moves of their opponents.

4.2.3 Competitors and possible alternatives

In order to be successful, it is necessary for all businesses to have a deep understand of their competitors in the same market. The author spent two weeks in Hanoi, Vietnam in order to conduct research on the competitors of The Nest – board game café by coming and experiencing the environment and services of each location. The competitors of The Nest – board game café are other board game café in Hanoi, Vietnam. Furthermore, in order to have a thorough knowledge of the possible alternatives for the business, the author also conducted the similar researching process in one of the cyber café in central Hanoi.

After two weeks of researching, the author has analysed carefully the strengths, weaknesses and compare them to the current state of The Nest – board game café to come up with the most suitable strategies and plans for the second location of The Nest.

The Cube Café – Board game:

- Location: 168A Trần Vũ, Hanoi, Vietnam.

- Size: big compared to The Nest with four floors and normal-sized floor area.
- Service: board game café with the addition of board game selling in cooperation with BoardgameVN, the biggest board game selling retailer in Vietnam.
- Strengths: The Cube has a big venue with four floors. The board game collection of the café is fairly big. It also combines both models of board game playing café and board game selling. The decoration of the café is simple but appealing with blue as the main colour. As the café is located near the biggest lake in Hanoi, the café has a fresh and cool environment with an exceptional view from the higher floors. The overall price for drinks and foods in the café is reasonable. Another huge advantage of The Cube is that it is one of the first board game café in Hanoi.
- Weaknesses: Even though the café is located in a beautiful venue, the location is not perfect as it is fairly far from the city centre and universities. The café is located in a sparsely populated area. The board game collection of the café, while is varied in titles, consists mostly of Chinese counterfeit board games. The reason behind their choice of sources is to save on the cost of purchasing board game as counterfeit games are three to four times cheaper than the real ones. As for the cheap games, the quality of most of them are low with torn cards and components. Even the authentic games that the café offers, the condition of most of them are not perfect. During the author visit, the staffs of the café are not truly attentive. There is no staff that is able to explain the game the author chose to play during his visit. The drinks and food menu of the café is limited without any trendy drink such as bubble tea.

GG Club:

- Location: 15G Bùi Ngọc Dương, Hanoi, Vietnam.
- Size: one floor with big floor area with many tables and chairs.
- Service: board game café with a huge collection of board games. The board game café cooperates with BoardGameViet so that customers can order and buy board game from the café.

- **Strengths:** GG Club is the board game café with the biggest collection of authentic board games in Ha Noi. The atmosphere of the café is casual with friendly staffs and customers. The staffs of the place are also proficient in explaining games to customer. The author had do difficulty understand and was able to play the game independently after the explanation of the staff. The price of drink and food in the menu is really reasonable. The location of the café is near two big universities in Hanoi, which can help attract a decent number of customers
- **Weaknesses:** The price of playing board game is calculated per each player. It can be expensive if one customer decides to try different games in one sitting. The menu of the café is also short without any special kind of drink. However, it is understandable as the focus of the café is on the board game collection. Another thing that bothered the author was that the café was really noisy, hot with bad air flow. It made it uncomfortable for the author after two-hour spending in the café. The location of the café is on a small and narrow alley with many people coming in and out, which makes travelling to the place difficult.

Vikings Gaming – cyber café:

- **Location:** 195 Phố Khâm Thiên, Hanoi, Vietnam.
- **Size:** very big floor area with hundreds of gaming computers.
- **Service:** cyber café with food, drinks, and gaming gears selling.
- **Strengths:** one of the biggest chain of cyber café in Hanoi. The venue is very big and modern with about 200 of high-end gaming computers. Experience of playing games in the cyber café is outstanding with big and clear computer screen, comfortable chair and excellent gaming gear. The café is separated into different section with different price. There is dedicated room for gamers who smoke and dedicated room for gamers to training with their team. The menu of food and drinks is varied and delicious with reasonable price. Hourly price of using the computer is fairly affordable. The atmosphere in the cyber café is cool and comfortable with multiple big air-conditioner. Service at the

café is modern as most of the operations such as ordering food, paying for the hourly fee are conducted directly on the computer.

- Weaknesses: The cyber café is really noisy as there are hundreds of people playing games at the same time. The author noticed that around 5 percent of all computers are broken and unable to use. About the menu, it takes quite a long time for the food to arrive. The author had to wait around 30 minutes for the food to arrive. Even when the café has a dedicated smoking room, the main door of the room sometimes is opened and smoke still penetrated slightly into the non-smoking room.

4.2.4 Strengths, Weaknesses, Opportunities and Threats

After carefully researching and analysing the market trends, main target group and competitors and alternatives, the author concludes the research with a SWOT analysis of The Nest – board game café:

Strengths:

- The Nest – board game café is not the oldest board game café in Hanoi but it still is one of the earliest café of this kind. The café has a solid customer base and it will contribute to the success of the second location's opening.
- The Nest has a team of seasoned staffs, especially ones who teach games to customer.
- Board games are generally more accessible and acceptable for family and older people compared to video games.
- Board games will help promote social interaction between friends or families without the need to use digital devices such as smartphones or tablets.

Weaknesses:

- Higher investment and operating cost compared to the traditional model of coffee or bubble tea place.

- Due to the board game model, the café will require a higher number of staffs compared to traditional coffee place. Furthermore, hiring process is more complicated for the position of board game instructor.
- The average price of service is slightly higher than other alternatives.
- The first location of The Nest doesn't offer the option of buying board game directly from the café except for some especially common games such as Exploding Kittens, UNO or Werewolf.

Opportunities:

- Board game is currently a hot trend in Hanoi and Vietnam. Still, the majority of young people still haven't had any access to board gaming. The potential is huge at the moment.
- The first location of The Nest has made good partnerships with different suppliers. Thus, the process of looking for potential partnership will be greatly simplified.
- The location chosen for the new café will be among a clustered of universities and high schools, with reasonably close distance to city centre.
- The second location can learn and avoid the mistakes from the first location of The Nest.
- Overall, the expenses of ingredients, staffs' salaries in Vietnam is fairly low compared to other countries.

Threats:

- Increasing competition in the field of board game café as entrepreneurs are keeping up with the trend.
- Overall, the entertainment trends in Vietnam are short-lived and easily replaceable with continual newcomers. It is essential to continuously adapt with the ever-changing demand of young people.

- Customers can purchase inexpensive counterfeit board game products imported from China easily. That can prevent customers to come and play authentic games in the café.
- Recently, foods and drinks safety is a concern among consumers around Hanoi. The reason is that there were multiple unclean and contaminated products being sold in the market for cheaper price. The Nest will make the best effort to choose reliable supplier of clean food and drinks material.
- Board games need to be protected and motorised regularly by staffs in order to avoid deterioration and missing of games. Without careful supervision, each board game can quickly lose its components' quality due to regular usage from customers.

4.3 Implementation plan

The implementation is a mandatory part of business plan. The main objective of the implementation plan is to have a thorough and comprehensive preparation for the future establishment of the second site of The Nest – board game café. This section of the business plan will cover all the necessary angles that the café has to prepare, calculate and plan including location of the café, potential suppliers, revenue model that the café aims to implement, the hiring and training process, and all mandatory legal preparation.

4.3.1 Place

For that young demographics of customer, the café will aim at a location that is close to big universities and high schools so that it is easier to attract nearby students. Moreover, as students are normally not rich, the chosen location should be affordable in order not to raise the price of service too much to compensate for the expensive rental price. After meticulous research and discussion with multiple landlord, two final locations are chosen and compared before settling for the final decision.

183 Trần Đại Nghĩa, Hai Bà Trưng district, Hanoi, Vietnam

- Description: three-storey building with floor area of 40m². Currently, the place is ready to be leased.
- Rental price: 1500 EUR/month, with at least one-year contract. Deposit is three-month rent.
- Strengths: The place is located right on a big street and among two of the biggest universities in Hanoi, National Economics University and Hanoi University of Science and Technology. Apart from these two big universities, around the location, there is at least two high schools and three secondary schools located nearby. The distance from the location to the city centre and the first location of The Nest is around four kilometres, which is acceptable. Rental price of 1500 EUR/month for a three-floor building at the front of a big street is reasonable.
- Weaknesses: The location is located right next to a small dirty stream of water that may affect the overall aesthetics. Deposit of three-month rent is risky and moderately overpriced. The competition around the area is strong as there are plenty of coffee places and entertainment venue nearby. The average price of the nearby shops is low as the main customers are university students. Thus, margins need to be kept at a tight level.

40 Trần Thái Tông, Cầu Giấy district, Hanoi, Vietnam

- Description: two-storey building with floor area of 50m². The place will be ready to be leased from 15/06/2018.
- Rental price: 1300 EUR/month, with at least half a year contract. Deposit is one month rent.
- Strengths: The location is also in line with the qualities that the owner is looking for. It is located near three medium-sized universities and multiple of high schools and secondary schools. This location has more potential customers than the other location as there are a cluster of different universities and schools around. The street it is located on is also fairly big, but not as big as

Trần Đại Nghĩa. Rental price is slightly more affordable than the other place and one month rental deposit is also safer.

- Weaknesses: The distance from this place to the city centre and first location of The Nest is approximately seven kilometres, which is not exactly close. There will be situations that require staff travelling between two branches so closer distance is also an advantage. Although the street Trần Thái Tông is big and located in an attractive area of the city, it is highly crowded during the rush hour. The neighbourhood surrounding the location is highly competitive with all kinds of entertainment around every corner.

After thorough discussion and consideration, the author and the owner of The Nest – board game café have decided to go with the first location on 183 Trần Đại Nghĩa, Hai Bà Trưng district, Hanoi, Vietnam. The main reason is that even though the potential of attracting is marginally superior in the other location, it is not enough to cover other disadvantages facing it. Trần Đại Nghĩa Street is much bigger and hardly face any situation of traffic jam. The distance from that location to the first location of The Nest is also closer and more convenient for staffs to travel from one place to another. Although the rental price is higher in the first location, it is compensated by an extra floor that can serve more customers and more purposes if needed. Moreover, the fact that the place is ready to be leased immediately will be crucial as the owner can start the construction process earlier to be in time for the projected opening on the first day of July. Summer holiday is starting now so more and more customers are looking for an entertainment venue. Consequently, the sooner the coffee place can start operating, the better it will be. During the interview with the owner, one more vital benefits that the owner of The Nest mentioned is that the location on Trần Đại Nghĩa is close to his own home address, which can be very beneficial for him to quickly react to urgent situations.

4.3.2 Supplier

Choosing suitable and reliable partners is a key decision for any venture business. The Nest focuses on keeping good relationship with local suppliers in order to build a long-term trusted partnership. A huge opportunity for the second location of The

Nest is that the café already has made connections with several trustworthy suppliers since the opening of the first location. The below table will briefly summarize all possible suppliers for multiple needs of The Nest.

Table 2: Potential suppliers for The Nest – board game café.

Type	Partner	Activities
Construction and interior design	AOTA Atelier	AOTA Atelier is an interior design company that was responsible for the design and construction of the first location of The Nest. The owner was overall especially content with the quality work from the company and decided to continue trusting them for the second location of the café.
Fresh fruits	CleverFood	CleverFood is a trusted vendor for fresh, clean and delicious food in Hanoi. Since the beginning, The Nest has been partnering with CleverFood and was never disappointed with the general quality that the vendor provided.
Fresh food material	Sói Biển food	Sói Biển food is a new partner that The Nest has connected since the recent three months. During these period of time, the quality and safety of the products the cafe received are top notch. Therefore, the café trusts them as a reliable supplier for the food ingredients.
Board game sources from USA	Miniature-Market, Amazon, CardHaus	Almost all of the board games are bought and imported from the USA. The board games are purchased throughout the year to make full use of all the discount seasons in USA and to expand the collection gradually. All companies that the café chose as board game supplier are reliable online retailer with competitive price.

Board game courier from USA	Hop Nhat International JSC	The café purchased the games directly and partnered with Hop Nhat as an intermediaries for shipping and importing games to Vietnam. The Nest and Hop Nhat has been partnering for more than half a year.
Cooperative board game shop in Hanoi	BoardGameViet	BoardGameViet is a new partnership that the café will start cooperating in conjunction with the establishment of the second location. In the past, the owner has talked with BoardGameViet about possible partnership but due to shortage of financial resources, it was impossible. Now the two companies will start cooperating with board game sale and rental service.

4.3.3 Revenue model

According to Amit and Zott (2012), a company's revenue or business model can be defined as an interdependent system of activities connecting customers, partners and vendors that helps company generate its revenue. The revenue model of the second location of The Nest – board game café will be based on the old revenue model of the first location with some improvements and new services that help enhancing customer experience in the café.

The basic of the revenue model is still similar to the one being used in The Nest – board game café. It proves its efficiency and gains favour among customers so there is no need to make major change to it. The revenue comes mostly from the sale of food and drinks during each customer visit. The price of drinks starts from 25000 VND (approximately 0,8 EUR) to 70000 VND (approximately 2,65 EUR). The food menu consists of only simple fried food such as French fries, crispy pork sausage, fried sweet potato balls and French baguette with omelette, cold cuts and liver paste. The café wants to include only simple and clean food on the menu to prevent food

spillage that can damage the quality of board games. Moreover, when customers choose to play any games, they have to pay a fixed amount of money that attached to each imported game. The price of playing the game is determined by the total price the café paid to own the game, including both original game price plus shipping and import fee. Typically, the price of playing a game varies from 20000 VND (approximately 0,75 EUR) to 80000 VND (3 EUR). It is estimated that each game's purchasing price is paid off after around 20 playing times by customers. At the moment, the café does not have the service of selling games directly to customer. The reason behind that is the lack of financial resources necessary for building stock for new board games ready to be bought by customers. The lack of board game selling service is a missing revenue-generating opportunities as there are plenty of customers who are eager to buy board games for themselves after trying the game at the café.

Learning from the experience of the first location of The Nest, the second location will provide board game selling service through cooperation with BoardGameViet. The two companies have stricken a deal that The Nest can purchase board games from BoardGameViet at its original price without profits in order to showcase and rent them to customers. At the same time, BoardGameViet will receive 30 percent of the renting revenue from each game the café purchased through BoardGameViet. Moreover, The Nest will become a selling point of BoardGameViet where customers can also purchase board games directly from the café. Each board game purchased in the café, The Nest will take 30 percent of the profit as commission. Moreover, if the game that customers want to buy is not in stock and needs to be ordered from abroad, BoardGameViet can help order the game for these customers. The Nest will also take 30 percent of the profit that BoardGameViet generates through board games ordering for The Nest customers. The deal between BoardGameViet and The Nest will last for one year with the option of lengthening at any time during the contract period.

Another new revenue model that The Nest will provide in the second location is the option of renting game for playing at home. The daily price of renting a game for the first day and second day is double the cost of playing game in the café. After the second, the daily rental price is the same as the cost of playing the game in the café.

Most of the game has maximum rental period of one week. For popular games that are requested regularly by customers, the café will restrict or forbid the rental service accordingly. Each time a game is rented this way, the customers will need to pay a deposit that will be returned after the game is returned and checked carefully by staffs and to provide their ID to be copied in the extreme case of burglary. This new rental service will provide customers the option to play their favourite games at anytime and anywhere.

4.3.4 Personnel and management

The current personnel management system of The Nest – board game café proves to be efficient and logical. In fact, the system yields excellent results in employees' satisfaction while still keeping the business running effortlessly. As for the efficiency of the old system, the second location of the café will implement the similar system, with some slight modifications in order to fit the improved revenue model and bigger footprint of the new location.

Every day, The Nest will be opened from 9 AM to 11 PM all day of the week. The 14 hour long opening period will be separated into three shifts. Morning shift is from 9 AM to 1 PM, afternoon shift is from 1 PM to 6 PM and evening shift is from 6 PM to 11 PM. The five-hour long morning and evening shift also include half an hour lunch and dinner time. Below are all necessary staffs and their dedicated amount of shift for the second location of The Nest:

Shift Manager:

- Number: 2
- Number of shifts per week: 10
- Role and description: Shift manager is the only full-time employee in the café. The main responsible of the shift manager is to supervise the overall operations of the café. These responsibilities include managing the working hour of other employees, the quality of their work, amount of food and drinks ingredients and ordering them if insufficient, helping other employees during

rush hour, receiving and handling feedbacks from customers, and regular reporting to the café owner. The owner of the café is one of the shift manager as well in order to save the cost.

Cashier:

- Number: 4
- Number of shifts per week: 5 or 6
- Roles and description: cashiers are the staffs in the café that are responsible for the revenue stream. Their main responsibilities are to calculate and receive payments from customers, to bookkeep all the in and out of cash through revenue, operating costs into the café's sales management tool and to register all orders into the management system. Besides, cashiers are also partially share the responsibilities of supervising the daily operations of the café with the shift manager. There is only one cashier for every shift.

Bartender:

- Number: 6
- Number of shifts per week: 5 or 6
- Roles and description: bartenders are responsible for preparing drinks and food for customers and also for monitor the amount of ingredients left in the storage in order to notice the shift manager in time before they run out. During the week, only one bartender is needed for each morning shift. During every evening shift of the week days, one more bartender is required to keep up with the fast pace. Starting from the evening shift of Friday until the end of Sunday, each shift requires three bartenders in order to keep up with the bigger demand of more customers.

Waiter:

- Number: 5
- Number of shifts per week: 5 or 6

- Roles and description: the main tasks of every waiter are to take orders from customers and deliver them to cashiers and bartenders. For every morning and afternoon shift, only one waiter is necessary for the whole café. For every evening and weekend shifts, there is one waiter responsible for each floor of the café.

Game master:

- Number: 6
- Number of shifts per week: 5 or 6
- Roles and description: Game master is a special position that is only present in the model of board game café. Game Master's main responsibilities are instructing games for customers in the case that they have no idea how to play the game, recommending suitable games for each group of customers when they are choosing games to play and taking care of the condition of each board game. Game master has to always learn new games that arrive to the café gradually in order to be able to instruct customers clearly and logically. Same as bartender, one game master is required for every weekday's morning shifts, two for every weekday's evening shifts except Friday and three for all weekend's shifts and Friday's evening.

4.3.5 Business registering process

As stated in the Vietnam's Law of Enterprises (2014), the process of registering for the operation of a branch of The Nest – board game café consists of following steps:

1. Branch registration application to Business Registration Office.
2. Submit copy of "notification of establishment of branch, decision appointing the head of the branch, legal personal identification papers of the head of the branch."
3. Registration of business location that includes notification of establishment of business location

Once all necessary and valid documents are submitted in person by the business owner, the Business Registration Office will issue the permission to opening a branch in around five business days.

After successfully receiving the permission of opening a subordinate branch through the Business Registration Office, the next step is to perform tax registration procedures at the Vietnam General Department of Taxation using the business's enterprise code. According to Agency for business registration (2012), these procedures include "the procedures to create and issue the invoice; the procedures to buy and grant the invoice; the procedures for tax declaration, etc".

4.4 Marketing Plan

Successfully establishing a venture business is only the first step in entrepreneurship. A business cannot be considered successful without a constant revenue stream from its customers. In order to attract customers to come and experience the service, the service has to be known and appeals to them. That is the reason why every company and business needs a detailed and innovative marketing plan with the intention of catching the attention of the customers. Wilkie and Moore (2007, 275) proposed that marketing can be defined as the chain of activities and operations, performed by organizations and individuals for creating, connecting, distributing, and exchanging core value of their business for customers, consumers, vendors, and other stakeholders. By planning this marketing section of the business plan, the author hopes to capture all the fundamental strategies and maneuvers for an effective long-term value proposition for The Nest.

The main marketing strategies that the author designs hope to attract new customers to know more about the café, to come and experience the café environment and location. Furthermore, this marketing plan will also cover the plan to attract long-time customers to visit the café as well as to outline after sales service plan in order to retain customers' loyalty. In order to provide a comprehensive marketing plan, the 7Ps of marketing mix tool is utilized and will be analysed more carefully in this section.

4.4.1 Product

Even though the main product of any coffee place is coffee and drinks, for The Nest, the café will focus on board game as its selling point to attract customers. The model of the playing board game in a cosy and comfortable café will be the central point of The Nest. The café will offer a big collection of authentic board games imported directly from the USA. All the games in the café will be monitored and protected carefully from the staffs of the café in order to keep the playing experience flawless for all customers. Moreover, there will always staff present at the café to explain games in an interactive, easy-to-understand but still detailed so that customers can play and enjoy the games with friends and families. Apart from the expensive authentic board games, the café will also have a shelf that is dedicated to store all small board and card games that customers can choose to play for free without any additional fee. These free games are small and easy to play games that everyone can play and learn in less than five minutes. By offering options for both groups of customers – proficient and new gamers, The Nest can provide a comfortable experience for everyone visiting the café.

Apart from board games, the café will offer a varied and fascinating menu of foods and drinks that will continuously adapt to the new trend of the market. As for the results of survey and the interview with the owner of The Nest, it is safe to assume that the entertainment market in Hanoi is in a fast pace with new trends emerging rapidly from neighbouring countries such as China, Singapore or Taiwan. Currently, The Nest includes all fashionable drinks such as bubble tea with cream cheese, smoothies, fresh juice, cold-brewed coffee. With the combination of delicious drinks and fascinating board games, The Nest will satisfy the expectation of all customers.

4.4.2 Place

The location of The Nest – board game café second location is on 183 Trần Đại Nghĩa, Hai Bà Trưng district, Hanoi, Vietnam, as mentioned before in the implementation plan section of the business plan. The location is carefully chosen after several weeks of researching and negotiation with different landlords. The chosen site is situated on a big street close to two big universities and several high schools and

secondary schools. The location is also not far from city centre and well connected to every part of the city. It will be very easy for customers to locate and come to the café even in their first visit.

4.4.3 Promotion

Promotion plan is an essential aspect of a marketing plan. The Nest will have several promotion programmes and campaigns in order to raise brand awareness among target group of customers.

Facebook advertisements: Facebook is the most commonly used social network in Hanoi and Vietnam, especially among young people. Consequently, The Nest will use the advertising service of Facebook frequently to raise the awareness of the café and to attract more customers during each promotion campaign. Facebook has built a complicated targeting system so that every advertising campaign can directly target the chosen group of users. The Nest will investigate the feature in order to target the accurate group of potential customers.

Promotion campaign with media platforms: In addition to Facebook, The Nest will also cooperate with famous media platforms in Vietnam to raise the awareness of the café. The promoting campaign will make use of all forms of online media such as articles, videos, interviews. However, the cost of running these campaigns is fairly high so it will only be performed sporadically.

Discount campaigns: The Nest will offer occasional discount campaign in order to boost the sales and raise awareness of the café. During one-year of operation of the first location of the café, the owner has collected multiple detailed information regarding the timeframe in which there are not many customers. Discount campaigns will be designed in order to boost the sales during such time as weekdays' morning and afternoon, as well as discount for big group of customers so that they will come to the café with more friends. During the launch of each campaign, Facebook advertisements will be fully utilized. Besides online advertising and discount campaigns, The Nest will also arrange advertising campaign physically using the form of flyers. Each flyer will have detailed information of the café as well as some

sorts of discount when the customers bring the flyer to the café. These flyers will help raise awareness for the café during the launch of the new location.

Board game tournaments: The Nest will arrange monthly or biweekly prized board game tournament in order to attract more customers to the café. We will choose different board game for each tournament so as to keep the excitement of players as well as spectators during each event. Additionally, during the time of the tournament, the chosen games will always be free for customers to play. By doing that, more customers will come to train and, thus, will raise the revenue of the café. All the tournament will have a prize for first, second and third place. The prize will be in the form of voucher to use in the café. In this way, the café will retain more returning customers and will build a more solid customer base.

Meet-up events: The Nest will organise weekly meet-up events with different themes to draw more customers to the café. The event will be widely advertised on Facebook through different board game group and on Meetup, which is a social mobile application that is especially popular among foreigners for people to meet and socialize with other strangers with similar hobbies. During each meet-up, participants are encouraged to bring friends to share the experience. Each event will be supervised by staff of The Nest and with different themes. Each games related to the theme, either games in the café's collection or games brought by participants, will be free to play during the event. As these meet up events are more common among foreigners, The Nest hopes to catch the attention of a different group of customers.

Loyalty programme: The Nest will offer a loyalty programme that provides specific discount for customers registering for the member card of the café. Joining the member club of the café will be free of charge. The only requirement for having the member card is to provide with some customer information such as name, date of birth and Facebook profile. The loyalty card of The Nest will a cooperative product with Abbycard, a member club network with countless cooperation in Vietnam (Abbycard.com, 2018). By cooperating with Abbycard, The Nest will also appear on the website of the service to raise the awareness of the café. There will be occasional discount programme for member card holders.

4.4.4 Pricing

As the target customer group of The Nest is young people from the age of 16 to 25 with fairly low disposable income, the pricing strategy of the café is aimed at lower margin with higher volume. All food drinks on the menu of the café is priced reasonably low, similar to the average price of the market with price ranges from 25000 VND (approximately 0,8 EUR) to 70000 VND (approximately 2,65 EUR). The cost of playing the imported board games in the collection is from 20000 VND (approximately 0,75 EUR) to 80000 VND (3 EUR). The cost of playing the board game is determined by the purchasing price of each board game in the USA. Moreover, the café also offer a shelf containing only free to play board and card games. With a fairly low pricing model, the café hopes to attract more young people to the place to increase the volume of customers without raising the price.

4.4.5 People

The staff system of The Nest is logically designed after one year of operation in the first location. During all shifts of the café, there will be one shift manager who is responsible for maintaining the quality of service of the café. The manager will oversee all situations happening in the shop directly with the help of several security camera. All issues of the café will be directly reported to and handled by the shift manager. However, the supervision of the café will also be managed by the cashier of each shift.

One of the unique staff that only appears in board game café is Game Master. Game Master is the one who takes charge of explaining the rules of board games for customers and of taking care of the condition of board games. It can be safe to say that the experience of the customers of the café is heavily depended on the Game Master as their experience can easily be soured if they cannot play any games at all. For that reason, all Game Masters of The Nest are carefully interviewed, hired and trained. The training process for Game Masters are rigorous and long as the board games collection of the café contains more than 100 games. The training duration for Game Master is from at least two weeks to even one month in order to make

sure that each Game Master is proficient and confident in explaining the games to customers.

Other than Game Masters, all other staffs of The Nest are also thoroughly trained before starting the job. The training time of the job is different for each position. Waiter is the position with shortest training time of one day because of the simplicity of the responsible tasks. Training time for bartender is one-week with daily training session so that each bartender is proficient in making drinks according to the recipe of the café. For cashier, training time is also one week with daily training session in the café itself so that the responsible person can be know all the in and out of the job. Shift manager is trained for at least two weeks because of the complexity of all the tasks. Staffs who are under training period are paid with 80 percent of the normal hourly salary.

4.4.6 Process

The process of delivering an extraordinary experience for all customers consists of a full cycle of service. Apart from organic customers, The Nest will utilize different marketing strategies in order to attract new customers to the shop. For that reason, most customers who come to the café already have expectations regarding the quality of the café. For each customer coming to the café, the staffs of The Nest will work together to provide a wholesome experience. The value of The Nest comes from the combination of delicious yet affordable drinks and food, exciting new concept of board games with careful explanation and help from Game Master, and a charmingly decorated environment. After customers have spent their time in the café, they will likely come back thanks to multiple benefits given by owning the member club card as well as weekly events organized by the café. By providing a complete value cycle for each visiting customer, The Nest hopes to gain customer satisfaction and loyalty to build a more solid customer base.

4.4.7 Physical evidence

The most recognizable physical evidence of the café is obviously the big authentic board games collection that is demonstrated near the front door of the café. Board games is the unique selling point of The Nest so it will be the physical evidence that all customers will want to come to the café for and also to come back for. The board games collection of The Nest will be updated frequently with new and famous games in the world coming in all over the year. In the following picture (Figure 2), a part of the board game collection of The Nest is visible.



Picture 1: Board games collection of The Nest – board game café

Apart from the board games collection itself, The Nest also provides visiting customers with a cosy, modern and stunning environment. The constructor and designer of the first location is AOTA Atelier. The design of the first location is well

received and commended by many customers. Moreover, AOTA Atelier is very helpful in improving the decoration and maintaining the building condition after finishing delivering a complete appearance of The Nest. Thus, The Nest will continue to cooperate with AOTA Atelier in designing and constructing the second location of The Nest. In the following pictures (Figure 3 and 4), some pictures of first location of The Nest is shown.



Picture 2: The Nest's environment in a normal day (Foody.vn 2018)



Picture 3: Second floor of The Nest (AOTA Atelier 2017)

4.5 Financial Plan

Financial plan is the final section of the business plan. Financial plan is a vital part that will estimate the amount of investment needed for the establishment of the café as well as monthly operating fees of the café. On top of investment plan, this section of the business plan will also cover the monthly sales and profit forecast in order to calculate the return on investment and payback period of the café. These forecasts and calculations are based mostly on the cost, sales of the first location of The Nest as well as some additional fees that arise only on this new location.

4.5.1 Investment plan and monthly cost

The following table (Table 3) is the detailed investment plan and starting investment needed for establishing the second location of the café.

Table 3: Estimated investment for establishing second location of The Nest

Expenditure description	EUR
Legislation, registration and other related legal documents	200
Rented location three-month deposit	3500
Board game collection	3500
Constructing, designing, decorating fee	5700
Equipment	400
Food and drinks ingredients	800
Advertisements for launching event	600
Total	16 200

The following table (Table 4) describes the project monthly operating cost of second location of The Nest.

Table 4: Estimated monthly operating cost of the second location of The Nest

Expenditure description	EUR
Location rental fee	1500
Resupply of food and drinks ingredients	700
Advertising cost	500
Staffs' salary plus possible bonus	1500
Electricity, water and internet fee	200
Board game monthly purchase	300

Other administrative expenses	200
Total	5000

According to the estimated calculation of both the starting investment as well as the monthly operating cost, the initial cost of investment needed in order to establishing and running the café is 21 200 EUR. This number is around 30 percent higher than the monthly operating cost of the first location of The Nest. The reason is that the total floor area of this location is nearly two times of the first café. For that reason, the rental fee, staffs required and other expenses are all higher in this location.

4.5.2 Sales forecast

The sales forecast is based mostly on the estimated potential customers of The Nest second location during first month of operation July and first year of operation. The subsequent table (Table 5) is the projected income statement for the first month and first year of operation for the second location of The Nest

Table 5: Projected income statement for second location of The Nest

	July 2018 (EUR)	July 2018 – July 2018 (EUR)
Food and drinks revenue	5800	65000
Board game playing revenue	1600	17000
Board game rental revenue	200	2000
Commission from board game selling	400	4500
Total Revenue	8000	88 500
Total Expense	5000	60000

Gross Profit	3000	28 500
<i>Gross Profit Margin</i>	<i>37,5%</i>	<i>32,2%</i>
Income Taxes (20%)	600	5700
Net Income	2400	22800
<i>Net Profit Margin</i>	<i>30%</i>	<i>25,7%</i>

The income statement calculations for yearly revenues are calculated relatively to the income statement of the first location of The Nest. There are surges in revenue in three months of summer, the month of Tet holiday. However, during the study semester, especially during the examination period of December and May, sales revenue is lower than other months of the year.

4.5.3 Sources of investment

The only investor of the café is the owner of the first location of The Nest – board game café. Nevertheless, in the case that the owner will run out of personal fund in order to maintain the operation of the café, outside investors will be sought after. Still, outside investors are out of scope in this business plan. This business plan will be modified according to the change of the scope of the project.

4.5.4 Payback period

The owner of The Nest – board game café projects to invest 30 000 EUR into the second location of the café. According to Linn (2010, 35), the calculation of the payback period uses the following formula:

$$\text{Payback Period} = \frac{\text{Net investment}}{\text{Average annual operating cash flow}}$$

When substituting in the projected net income of the income statement in Table 5, we got the following calculation:

$$\textit{Payback Period} = \frac{30\,000}{22\,800} = \sim 1,3$$

Consequently, the payback period for the second location of The Nest – board game café will be around one year and four months.

5 Discussion and evaluation

This section of the thesis includes all the discussion and evaluation of the author during the process of researching and writing this Bachelor's thesis. Firstly, the feasibility of the business is assessed. Additionally, the personal evaluation of the author regarding of the thesis writing process, research question is laid out.

5.1 Feasibility of the business

As this thesis is served as an actual business plan for a real business, the feasibility of the thesis is relatively high. This business plan will be used as a guideline for the actual establishment of the second location for The Nest – board game café. However, as mentioned in the research method section of the thesis, the validity of the research is difficult to assess at the moment as the project is still on going. The validity can only be confirmed after the business will be up and running for a period of time. Still, the author is confident in the validity of the business plan as it was heavily researched and it is based on an actual results of a successful venture.

5.2 Evaluation and discussion on the research topic

Regarding the research question of “How to set up a profitable coffee shop in Vietnam.”, the author has provided comprehensive answers through the use of the case of an actual business plan for a real business project.

After a long process of researching the market in Hanoi, the author realizes the fundamental difference of Vietnam's market and Western countries' market such as Finland's. Vietnam's market, especially for coffee place, is much more dynamic and adaptive to new trends compared to Finland's market. The reason is likely due to the younger demographics of Vietnam. In Vietnam, if a business in entertainment field is slow and is not ready to change according to the shift of the market, it is likely that business will not survive for a long time. Still, there are certain benefits to such a dynamic market as Vietnam. According to Hofstede Insights (2018), Vietnam is a high collectivism country and, thus, people tend to enjoy their free time in group. For

that reason, every time a new trend is emerging, it spreads rapidly and powerfully through the use of social networks and word-of-mouth. If a business can be on top of the market and takes advantage of the new trend, chances are that it will generate huge revenue. One disadvantage of Vietnam market is that it is highly competitive. But because of the big size of the market, there are always places for multiples players in the same market. Consequently, thorough business research is a mandatory step in establishing a profitable coffee shop in Vietnam.

Another thing that every entrepreneur needs to consider when setting up a small business in Vietnam is to be creative when designing a business model, especially in the fields of service provider. The Hofstede cultural dimensions of Vietnam on Hofstede Insights (2018) clearly demonstrate that Vietnam is a low uncertainty avoidance country. It means that Vietnamese people and culture as a whole tends to be open and embracing new and strange services, as long as these services are entertaining and safe. Entrepreneurs should take advantage of that cultural aspects of Vietnamese and do not hesitate to bring new concept of services to Vietnam. Still, it is important that the service must not be contradictory to Vietnamese's tradition as people in Vietnam put a strong emphasis in keeping the country's tradition intact.

The last thing that entrepreneurs need to keep in mind that Vietnamese mostly tend to keep long-term relationship with their business partners. It is crucial to understand that, in Vietnam, doing business is equal to having a real-life relationship with the partner. A business partnership can hardly occur if two parties don't get to know each other in real life. Entrepreneurs should always be ready to start socializing with their partners after working hour. A perk of having a relationship with your partner is that the partnership is long-term, more reliable and with multiple side bonus that is not clearly stated in the agreement.

6 Conclusion

As mentioned in the introduction of the thesis, the main objective of the thesis is to provide comprehensive answers to the research question of “*How to set up a profitable coffee shop in Vietnam.*”. The author chooses case study method of actual planning of a business plan for an ongoing project of opening a second location for a successful coffee place in Hanoi, Vietnam: The Nest – board game café.

During the process of writing the business plan and the thesis, the author has combined business knowledge gained from the Bachelor’s degree of International Business in Seinäjoki University of Applied Sciences, real experience gained from being born and raised in Vietnam and business results from the operation of the first location of the café in order to provide a exhaustive look into the research question. The theoretical framework of the thesis concisely summarizes the basis of all concepts, terms and tools used across the length of the thesis. All concepts’ theories are collected using credible sources of information with clear references throughout. The theoretical section will equip readers with adequate knowledge to have a solid understanding of the other sections of the thesis. Furthermore, the author has successfully conducted an online survey with nearly 100 respondents and a detailed interview with the owner of The Nest – board game café, the investor of the second location. The results of the survey and interview are analysed and utilized systematically during different sections of the business plan. Multiple managerial and researching tools such as Gantt chart, SWOT analysis and marketing mix are heavily applied in the business plan to cover different angles of the business.

The structure of the business consists of three main sections which are implementation plan, marketing plan and financial plan. These three sections are all of utmost importance for establishing the new business, according to the owner of the café. Each section is then divided into more detailed and focus sub-section to cover all issues, aspects, and potential of opening a coffee place in Vietnam.

Overall, the business plan has achieved its initial goal as a guideline for establishing the new business location for an established coffee place in Hanoi. The current progress of the actual project is still according to the results and planned timeline given by this projected business plan. The author believes that even though there are still

many other aspects of the business that this business plan barely touches, it still successfully serves as an essential backbone for the founding of a business. Moreover, the business plan also contributes to answering the research question in great detail and with high validity. The author strongly believes that this thesis will be a useful resource for any future entrepreneurs who are interested in setting up a profitable business, specifically in the field of coffee business, in Hanoi and Vietnam, as a whole.

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APPENDICES

APPENDIX 1. Interview guide with owner of The Nest – board game café

APPENDIX 2. Online survey for board game café market research

APPENDIX 1. Interview guide with owner of The Nest – board game café

General information questions:

- Could you please introduce yourself and your business?
- What is the current overall situation of the business?
- Why do want to establish a second location for your business?

Market research questions:

- What is your point of view on the trends of the entertainment market?
- What are the age and gender of your most common group of customers?
- What is your target customer for your new business?
- What are the level of interests of your target group of customers towards board games café?
- What your main competitors and alternatives in the market?
- How do you compare your business with other competitors in the market?
- What are overall strengths and weaknesses of your current business?

Establishing the new business questions:

- What are the most important aspects you are looking to improve in this new location?
- What is your requirements when looking for a new location?
- What is your plan regarding the supplier of the new location?
- What is the revenue model of the new location and its differences and improvements compared to the first place?
- What is the management system in the new location?
- How do you maintain high service quality during one-year of operation?
- How will two locations of your board game café chain communicate with and help each other?

Marketing-related questions:

- What is your most useful promotion methods in your first location?
- What are the tools will you use to promote the new location?
- Is the pricing model the same of different to the first location?

- What is the selling point of the new location you want to focus on in order to stand out among such a competitive market?
- What is your method of maintaining customer satisfaction?
-

Financial-related questions:

- What is the main investor of this new business?
- What is your budget for investing in this business?
- What is the monthly revenue of the old location and how much do you hope this location will achieve?

Future-related questions:

- What do you think about the success rate of the new location?
- How long do you think is the life cycle of this business concept?
- Do you think about expanding your business model into a bigger chain of coffee place?
- What do you think the following trend of the market will be?

APPENDIX 2. Online survey for board game café market research

Young people's preference on entertainment survey

*required

Choose only 1 answer, unless specified otherwise in the question.

1. What is your gender? *

- ☐ Male
- ☐ Female
- ☐ Other

2. How old are you? *

3. Where do you usually go to when hanging out with friends? (You can choose more than 1 answer) *

- ☐ Coffee place
- ☐ Bubble tea vendor
- ☐ Smoothie vendor
- ☐ Cinema
- ☐ Cyber cafe
- ☐ Other:

4. What is your favourite choice of drink? (You can choose more than 1 answer) *

- ☐ Coffee
- ☐ Bubble tea
- ☐ Smoothie/juice
- ☐ Alcoholic beverage
- ☐ Other:

5. Do you know about board games (Monopoly, UNO, Exploding Kittens, Cá ngựa)? *

- ☐ Yes
- ☐ No

6. Have you played any board games, and what are their names? *

- Yes: _____
- No

7. If you chose Yes on question 5, have you ever been to a board game cafe?

- Yes
- No

8. If you chose Yes on question 7, what is the board game cafe you have visited? *

8. If you chose No on question 5, are you interested in trying board games with friends in a coffee place?

- Yes
- No
- Maybe

Thanks for your time! Have a nice day!